

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 31 December 2015

	Note	<u>BANK</u>		<u>GROUP</u>	
		31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
ASSETS					
Cash and short-term funds		941,388	2,443,337	1,208,225	2,690,353
Deposits and placements with banks and other financial institutions		-	298,167	-	298,167
Balances due from clients and brokers	A12	-	-	190,401	102,743
Financial assets held-for-trading	A13	185,566	10,037	185,566	10,037
Financial investments available-for-sale	A14	9,135,423	7,882,199	10,945,458	9,753,856
Financial investments held-to-maturity	A15	720,350	714,915	1,133,878	1,319,035
Derivative financial assets	A29	124,949	132,460	124,949	132,460
Loans, advances and financing	A16	31,184,378	29,853,853	38,297,146	36,566,032
Other assets	A17	132,839	95,839	133,610	89,592
Tax recoverable		20,019	20,186	39,376	27,017
Statutory deposits with Bank Negara Malaysia		1,345,070	1,344,000	1,674,714	1,675,326
Investments in subsidiaries		892,820	792,820	-	-
Investment in associate		230	230	518	511
Investment in joint venture		-	-	549	410
Property, plant and equipment		88,399	95,458	90,262	97,343
Deferred tax assets		-	-	13,479	12,020
Intangible assets		249,563	244,522	365,307	359,935
TOTAL ASSETS		45,020,994	43,928,023	54,403,438	53,134,837
LIABILITIES AND EQUITY					
Deposits from customers	A18	35,605,823	36,856,167	43,633,276	44,723,429
Deposits and placements of banks and other financial institutions	A19	2,582,462	928,495	3,056,676	1,489,775
Balances due to clients and brokers	A20	-	-	162,976	62,833
Obligations on securities sold under repurchase agreements		97,105	-	97,105	-
Bills and acceptances payable		-	801,578	-	801,578
Derivative financial liabilities	A29	129,448	115,224	129,448	115,224
Amount due to Cagamas Berhad		6,225	7,003	6,225	7,003
Other liabilities	A21	761,779	746,890	907,773	933,572
Provision for taxation		-	-	-	1,818
Provision for zakat		-	-	70	128
Deferred tax liabilities		4,523	3,241	15,155	13,041
Other Borrowings		9,997	-	9,997	-
Subordinated obligations		1,815,169	613,267	1,815,509	613,267
TOTAL LIABILITIES		41,012,531	40,071,865	49,834,210	48,761,668
Share capital		796,517	796,517	796,517	796,517
Reserves		3,211,946	3,059,641	3,772,711	3,576,652
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT		4,008,463	3,856,158	4,569,228	4,373,169
TOTAL LIABILITIES AND EQUITY		45,020,994	43,928,023	54,403,438	53,134,837
COMMITMENTS AND CONTINGENCIES	A28	21,992,255	20,691,697	24,003,239	22,745,783

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 31 December 2015**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December	31 December	31 December	31 December
		2015	2014	2015	2014
BANK		RM'000	RM'000	RM'000	RM'000
Interest income	A22	484,651	445,596	1,395,180	1,295,377
Interest expense	A23	(268,950)	(235,674)	(767,044)	(672,589)
Net interest income		215,701	209,922	628,136	622,788
Fee and commission income	A25	64,893	64,388	186,745	204,553
Fee and commission expense	A25	(24,068)	(24,626)	(70,403)	(70,538)
Investment income	A25	27,922	44,987	93,344	122,569
Other income	A25	6,063	16,475	28,859	28,024
Other operating income	A25	74,810	101,224	238,545	284,608
Net income		290,511	311,146	866,681	907,396
Other operating expenses	A26	(137,676)	(116,755)	(397,176)	(364,196)
Operating profit before allowance		152,835	194,391	469,505	543,200
Write-back/(allowance for) of losses on loans, advances and financing and other receivables	A27	2,500	(23,141)	(11,316)	(14,193)
Write-back of impairment on securities		1,207	-	1,673	575
Profit before taxation		156,542	171,250	459,862	529,582
Taxation		(38,102)	(35,562)	(113,689)	(118,362)
Net profit for the financial period		118,440	135,688	346,173	411,220
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		44,138	(31,230)	(861)	16,492
- Realised gain transferred to statement of income on disposal and impairment		(1,100)	(351)	(1,740)	(14,752)
- Transfer (to)/from deferred tax		(10,329)	7,580	624	(3,896)
Other comprehensive income/(expense), net of tax		32,709	(24,001)	(1,977)	(2,156)
Total comprehensive income for the period		151,149	111,687	344,196	409,064
Earnings per share attributable to owner of the parent					
- Basic (sen)		14.9	17.0	43.5	51.6
- Diluted (sen)		14.9	17.0	43.5	51.6

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

**Unaudited Consolidated Statements of Comprehensive Income
for the Financial Period Ended 31 December 2015**

<u>GROUP</u>	Note	3rd Quarter Ended		Nine Months Ended	
		31 December	31 December	31 December	31 December
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Interest income	A22	492,463	459,113	1,427,434	1,339,857
Interest expense	A23	(277,585)	(246,697)	(793,539)	(707,901)
Net interest income		214,878	212,416	633,895	631,956
Net income from Islamic banking business	A24	63,219	58,357	182,823	166,847
		278,097	270,773	816,718	798,803
Fee and commission income	A25	75,137	74,769	215,888	239,271
Fee and commission expense	A25	(28,024)	(29,143)	(82,600)	(85,738)
Investment income	A25	28,830	15,865	89,154	70,233
Other income	A25	6,192	16,701	29,439	28,735
Other operating income	A25	82,135	78,192	251,881	252,501
Net income		360,232	348,965	1,068,599	1,051,304
Other operating expenses	A26	(174,824)	(156,462)	(507,950)	(481,312)
Operating profit before allowance		185,408	192,503	560,649	569,992
Allowance for losses on loans, and financing and other receivables	A27	(6,418)	(26,950)	(42,794)	(22,114)
Write-back of impairment on securities		1,751	1,743	2,427	6,689
Operating profit after allowance		180,741	167,296	520,282	554,567
Share of results of associate		3	3	7	7
Share of profit of equity accounted, net of tax joint venture		19	8	139	14
Profit before taxation		180,763	167,307	520,428	554,588
Taxation		(45,128)	(41,701)	(129,524)	(137,986)
Net profit for the financial period		135,635	125,606	390,904	416,602
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit or loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		58,431	(37,600)	(1,692)	23,511
- Realised gain transferred to statement of income on disposal and impairment		(1,301)	(512)	(2,337)	(15,092)
- Transfer (to)/from deferred tax		(13,711)	9,140	967	(5,723)
Other comprehensive income/(expense), net of tax		43,419	(28,972)	(3,062)	2,696
Total comprehensive income for the period		179,054	96,634	387,842	419,298

ALLIANCE BANK MALAYSIA BERHAD**(88103-W)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 31 December 2015 (contd.)**

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the period attributable to:				
Owner of the parent	135,635	125,606	390,904	416,602
Total comprehensive income for the period attributable to:				
Owner of the parent	179,054	96,634	387,842	419,298
Earnings per share attributable to owner of the parent				
- Basic (sen)	17.0	15.8	49.1	52.3
- Diluted (sen)	17.0	15.8	49.1	52.3

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2015

	← Non-distributable reserves →						Distributable reserves		Total equity
	Ordinary shares	Irredeemable (Non-cumulative) Convertible Preference Shares ("ICPS")	Share premium	Statutory reserve	Regulatory reserves	Revaluation reserves	Equity contribution from parent	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BANK									
At 1 April 2015	796,517	-	401,517	722,368	-	43,838	10,731	1,881,187	3,856,158
Net profit after taxation	-	-	-	-	-	-	-	346,173	346,173
Other comprehensive expense	-	-	-	-	-	(1,977)	-	-	(1,977)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(1,977)	-	346,173	344,196
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	-	5,008	-	5,008
Payment for ESS recharged from parent	-	-	-	-	-	-	(4,460)	-	(4,460)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,129)	1,129	-
Transfer to statutory reserve	-	-	-	56,934	-	-	-	(56,934)	-
Transfer to regulatory reserve	-	-	-	-	113,832	-	-	(113,832)	-
Dividends paid	-	-	-	-	-	-	-	(192,439)	(192,439)
At 31 December 2015	796,517	-	401,517	779,302	113,832	41,861	10,150	1,865,284	4,008,463
At 1 April 2014	596,517	4,000	597,517	601,561	-	(7,546)	17,377	1,840,384	3,649,810
Net profit after taxation	-	-	-	-	-	-	-	411,220	411,220
Other comprehensive income	-	-	-	-	-	(2,156)	-	-	(2,156)
Total comprehensive income for the period	-	-	-	-	-	(2,156)	-	411,220	409,064
Conversion of ICPS and Preference Shares premium *	200,000	(4,000)	(196,000)	-	-	-	-	-	-
Share-based payment under ESS	-	-	-	-	-	-	5,644	-	5,644
Payment for ESS recharged from parent	-	-	-	-	-	-	(7,120)	-	(7,120)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(2,769)	2,769	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	(351)	351	-
Dividends paid	-	-	-	-	-	-	-	(326,013)	(326,013)
At 31 December 2014	796,517	-	401,517	601,561	-	(9,702)	12,781	1,928,711	3,731,385

* On 30 December 2014, the Bank has converted 400 million ICPS of RM0.01 each to 200 million ordinary shares of RM1 each at the conversion price of RM2 each after obtained approval from Bank Negara Malaysia.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2015 (contd.)

GROUP	←----- Attributable to owner of the parent ----->							----->		Total equity
	Ordinary shares	ICPS	Share premium	Statutory reserve	Regulatory reserves	Other reserves	Revaluation reserves	Equity contribution from parent	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 April 2015	796,517	-	401,517	1,069,665	-	10,018	78,232	11,405	2,005,815	4,373,169
Net profit after taxation	-	-	-	-	-	-	-	-	390,904	390,904
Other comprehensive expense	-	-	-	-	-	-	(3,062)	-	-	(3,062)
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	(3,062)	-	390,904	387,842
Share-based payment under ESS	-	-	-	-	-	-	-	5,293	-	5,293
Payment for ESS recharged from parent	-	-	-	-	-	-	-	(4,637)	-	(4,637)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	-	(1,171)	1,171	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	-	(12)	12	-
Transfer to statutory reserve	-	-	-	64,318	-	-	-	-	(64,318)	-
Transfer to regulatory reserve	-	-	-	-	135,619	-	-	-	(135,619)	-
Dividends paid	-	-	-	-	-	-	-	-	(192,439)	(192,439)
At 31 December 2015	796,517	-	401,517	1,133,983	135,619	10,018	75,170	10,878	2,005,526	4,569,228
At 1 April 2014	596,517	4,000	597,517	929,055	-	10,018	7,071	18,412	1,957,952	4,120,542
Net profit after taxation	-	-	-	-	-	-	-	-	416,602	416,602
Other comprehensive income	-	-	-	-	-	-	2,696	-	-	2,696
Total comprehensive income for the period	-	-	-	-	-	-	2,696	-	416,602	419,298
Conversion of ICPS and Preference Shares premium *	200,000	(4,000)	(196,000)	-	-	-	-	-	-	-
Share-based payment under ESS	-	-	-	-	-	-	-	5,820	-	5,820
Payment for ESS recharged from parent	-	-	-	-	-	-	-	(7,399)	-	(7,399)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	-	(3,018)	3,018	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	-	(363)	363	-
Transfer to statutory reserve	-	-	-	9,806	-	-	-	-	(9,806)	-
Dividend paid	-	-	-	-	-	-	-	-	(326,013)	(326,013)
At 31 December 2014	796,517	-	401,517	938,861	-	10,018	9,767	13,452	2,042,116	4,212,248

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.

ALLIANCE BANK MALAYSIA BERHAD**(88103-W)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2015**

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
Profit before taxation and zakat	459,862	529,582	520,428	554,588
Adjustments for non-cash items	(208,042)	(370,205)	(187,073)	(330,244)
Operating profit before changes in working capital	251,820	159,377	333,355	224,344
Changes in working capital	(1,549,580)	177,630	(1,929,198)	(166,338)
Taxation and zakat paid	(111,616)	(126,133)	(142,138)	(150,673)
Net cash (used in)/generated from operating activities	(1,409,376)	210,874	(1,737,981)	(92,667)
Net cash (used in)/generated from investing activities	(1,084,351)	(9,966)	(726,587)	161,305
Net cash generated from/(used in) financing activities	991,778	(354,933)	982,440	(354,933)
Net changes in cash and cash equivalents	(1,501,949)	(154,025)	(1,482,128)	(286,295)
Cash and cash equivalents at beginning of the year	2,443,337	1,842,996	2,690,353	2,129,759
Cash and cash equivalents at end of the period	941,388	1,688,971	1,208,225	1,843,464
Cash and cash equivalents comprise:				
Cash and short-term funds	941,388	1,688,971	1,208,225	1,843,464

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.

Explanatory Notes

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134") and Guidelines on Financial Reporting Issued by Bank Negara Malaysia ("BNM")

A1 Basis of Preparation

The unaudited condensed interim financial statements for the 3rd quarter and nine months ended 31 December 2015 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of Alliance Bank Malaysia Berhad ("the Bank") and the Group for the financial year ended 31 March 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank and the Group since the financial year ended 31 March 2015.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2015, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2015:

- Amendments to MFRS 119 "Defined Benefit Plans "Employee Contributions" (effective 1 July 2014)
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010 - 2012 Cycle" (effective 1 January 2015)
 - MFRS 2 "Share-based Payment"
 - MFRS 3 "Business Combinations"
 - MFRS 8 "Operating Segments"
 - MFRS 13 "Fair Value Measurement"
 - MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
 - MFRS 124 "Related Party Disclosure"
- Amendment to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011 - 2013 Cycle" (effective 1 January 2015)
 - MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
 - MFRS 3 "Business Combinations"
 - MFRS 13 "Fair Value Measurement"
 - MFRS 140 "Investment Property"

The adoption of the above standards, amendments to published standards and interpretation to existing standards are not anticipated to have any significant impact on the financial statements of the Bank and the Group.

A1 Basis of Preparation (contd.)

The following MFRS have been issued by the MASB and are effective for annual period commencing on or after 1 April 2015, and have yet to be adopted by the Bank and the Group:

- Amendments to MFRS 116 & MFRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation” (effective 1 January 2016)
- Amendments to MFRS 11 “Accounting for Acquisition of Interests in Joint Operations” (effective 1 January 2016)
- Amendments to MFRS 116 & MFRS 141 “Agriculture: Bearer Plants” (effective 1 January 2016)
- Amendments to MFRS 127 “Equity Method in Separate Financial Statements” (effective 1 January 2016)
- Annual Improvements to MFRSs 2012 – 2014 (effective 1 January 2016)
- Amendments to MFRS 10, 12 & 128 “Investment entities - Applying the Consolidation Exception” (effective 1 January 2016)
- Amendments to MFRS 101 “Presentation of financial statements - Disclosure Initiative” (effective 1 January 2016)
- MFRS 15 “Revenue from Contracts with Customer” (effective 1 January 2018)
- MFRS 9 “Financial Instruments” (effective 1 January 2018)

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Bank and Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the annual financial statements for the financial year ended 31 March 2015 was not subject to any qualification.

A3 Seasonality or Cyclicity of Operations

The operations of the Bank and the Group were not materially affected by any seasonal or cyclical fluctuations in the 3rd quarter and nine months ended 31 December 2015.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank and the Group in the 3rd quarter and nine months ended 31 December 2015.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 3rd quarter and nine months ended 31 December 2015.

A6 Issuance and Repayment of Debt and Equity Securities

Other than details below, there were no other issuance of equity securities during the 3rd quarter and nine months ended 31 December 2015.

- (i) RM1.5 billion Thirty (30)-years Senior Medium Term Notes ("Senior-MTN") Programme (A1 rating by RAM Rating Services Berhad ("RAM"));

Issuance Date	Nominal Amount	Tenure	Interest Rate
14 December 2015	RM5.0 million	2 years	4.75% p.a

- (ii) RM2.0 billion Thirty (30)-years Subordinated Medium Term Notes ("Sub-MTN") Programme (A2 rating by RAM); and

Nominal Amount	Tenure	Call Date	Coupon Rate
RM900.0 million	Ten (10)-years Non-Callable Five (5)-years	27 October 2020 and thereafter on every coupon payment date	5.75% p.a
RM300.0 million	Ten (10)-years Non-Callable Five (5)-years	18 December 2020 and thereafter on every coupon payment date	5.65% p.a

The Sub-MTN issued will qualify as Basel III compliant Tier 2 capital of ABMB pursuant to Bank Negara Malaysia ("BNM")'s Capital Adequacy Framework (Capital Components). The approval from BNM for the Sub-MTN Issuance had been obtained on 28 August 2015 (subject to the terms and conditions contained therein).

- (iii) RM500.0 million Seven (7)-years Commercial Papers ("CPs") Programme (P1 rating by RAM)

Issuance Date	Nominal Amount	Tenure	Discount Rate
27 November 2015	RM5.0 million	2 months	4.10% p.a

A7 Dividend Paid

A second interim dividend of 8.46 sen, tax exempt under the single tier tax system, on 796,517,043 ordinary shares amounting to approximately RM67,386,000 in respect of the financial year ended 31 March 2015, was paid on 15 June 2015.

A first interim dividend of 15.7 sen, tax exempt under single tier tax system on 796,517,043 ordinary shares amounting to approximately RM125,053,000 in respect of the financial year ending 31 March 2016, was paid on 18 December 2015.

A8 Significant Events

(a) Employees' Share Scheme ("ESS")

Alliance Financial Group Berhad Employees' Share Scheme ("AFG Bhd ESS")

On 22 June 2015, Alliance Financial Group Berhad, the holding company of the Bank awarded a total of 1,844,700 share grants to employees of the Company and its subsidiaries under the Share Grant Plan who have met the criteria of eligibility for the participation in the ESS.

The first 33.0% of the share grants are to be vested at the end of the first year and remaining 67.0% of share grants are to be vested at the end of the second year from the date on which the award was made.

The holding company operates an equity-settled, share-based compensation plan pursuant to the ESS. Under the MFRS2 "Share-based Payment", the compensation expense relating to the share scheme is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

(b) Establishment of New Debt Issuance Programmes ("Subordinated MTN Programme")

On 28 August 2015, the Bank obtained approval from Bank Negara Malaysia for the establishment of Subordinated MTN Programme to issue:

- (i) Senior Medium Term Notes of RM1.5 billion in nominal value up to (30) years from the first issuance ;
- (ii) Subordinated Medium Term Notes of RM2.0 billion in nominal value up to (30) years from the first issuance;
- (iii) Commercial Paper of RM500 million in nominal value up to (7) years from the first issuance.

(c) Subscription of New Ordinary Shares issued by Alliance Islamic Bank Berhad ("AIS")

On 16 December 2015, the Bank had subscribed 45,045,045 ordinary shares of RM 1.00 each at RM2.22 per ordinary share by AIS.

A9 Material Event Subsequent to the End of the Financial Reporting Period

There was no material event subsequent to the end of financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

A10 Related Party Transactions

All related party transactions within the Group have been entered into in the normal course of business and were carried out on normal commercial terms.

A11 Proposed Dividends

No dividend has been proposed or declared for the 3rd quarter ended 31 December 2015.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A12 Balances Due From Clients And Brokers

	<u>GROUP</u>	
	31 December	31 March
	2015	2015
	RM'000	RM'000
Due from clients	191,239	60,289
Due from brokers	-	43,294
	191,239	103,583
Less:		
Allowance for other losses	(838)	(840)
	190,401	102,743

These represent amounts receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

AIBB's normal trade credit terms for non-margin clients is three (3) market days in accordance with the Bursa Malaysia Securities Berhad's ("Bursa") Fixed Delivery and Settlement System ("FDSS") trading rules.

Included in the balances due from clients and brokers are impaired accounts, as follows:

	<u>GROUP</u>	
	31 December	31 March
	2015	2015
	RM'000	RM'000
Classified as doubtful	99	128
Classified as bad	849	927
	948	1,055

The movements in allowance for other losses are as follows:

At beginning of year	840	1,194
Write-back during the period/year (net)	(2)	(354)
At end of period/year	838	840

A13 Financial Assets Held-for-trading

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	59,669	-	59,669	-
Commercial Paper	9,979	-	9,979	-
<u>Unquoted securities:</u>				
Medium term notes	115,918	10,037	115,918	10,037
Total financial assets held-for-trading	185,566	10,037	185,566	10,037

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A14 Financial Investments Available-for-sale

	BANK		GROUP	
	31 December 2015	31 March 2015	31 December 2015	31 March 2015
At fair value	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government securities	1,706,341	2,281,744	1,942,580	2,607,781
Malaysian Government investment certificates	1,624,380	1,797,682	2,463,255	2,723,129
Negotiable instruments of deposits	3,502,289	1,393,801	3,303,283	1,241,534
Bankers' acceptances	-	-	-	105,531
Khazanah bonds	200,061	194,349	200,061	194,349
	7,033,071	5,667,576	7,909,179	6,872,324
<u>Quoted securities in Malaysia:</u>				
Shares	29	22	29	22
Accumulated impairment	(11)	(11)	(11)	(11)
	18	11	18	11
<u>Unquoted securities:</u>				
Shares	102,657	94,376	153,780	141,651
Accumulated impairment	-	-	(1,440)	(1,440)
	102,657	94,376	152,340	140,211
Debt securities and medium term notes	2,135,358	2,255,917	3,116,143	2,979,271
Unit Trust Funds	-	-	4,989	-
Accumulated impairment	(135,681)	(135,681)	(237,211)	(237,961)
	1,999,677	2,120,236	2,883,921	2,741,310
	2,102,334	2,214,612	3,036,261	2,881,521
Total financial investments available-for-sale	9,135,423	7,882,199	10,945,458	9,753,856

A15 Financial Investments Held-to-maturity

	BANK		GROUP	
	31 December 2015	31 March 2015	31 December 2015	31 March 2015
At amortised cost	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government securities	580,992	579,201	703,777	701,521
Malaysian Government investment certificates	-	-	231,268	423,739
Khazanah bonds	139,020	135,377	188,921	183,932
	720,012	714,578	1,123,966	1,309,192
At cost				
<u>Unquoted securities:</u>				
Debt securities	1,656	3,329	24,143	37,668
Accumulated impairment	(1,318)	(2,992)	(14,231)	(27,825)
	338	337	9,912	9,843
Total financial investments held-to-maturity	720,350	714,915	1,133,878	1,319,035

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A16 Loans, Advances and Financing

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Overdrafts	1,978,750	1,829,357	2,363,934	2,142,270
Term loans/financing				
- Housing loans/financing	12,166,672	11,675,464	14,754,633	14,257,710
- Syndicated term loans/financing	399,972	392,195	401,301	431,427
- Hire purchase receivables	735,462	797,001	1,391,776	1,564,527
- Other term loans/financing	10,219,057	9,505,072	12,916,693	11,751,901
Bills receivables	330,792	299,587	334,766	300,866
Trust receipts	154,531	157,148	186,424	182,437
Claims on customers under acceptance credits	1,954,612	2,058,188	2,473,927	2,567,211
Staff loans [including loans to Directors of a subsidiary of RM131,000 (31.03.15: RM155,000)]	12,780	14,422	34,964	37,691
Credit/charge card receivables	680,093	653,068	680,093	653,068
Revolving credits	1,434,185	1,275,633	1,640,476	1,467,301
Share margin financing	1,393,522	1,481,795	1,470,882	1,566,703
Gross loans, advances and financing	31,460,428	30,138,930	38,649,869	36,923,112
Add: Sales commissions and handling fees	36,257	39,713	36,295	33,927
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(49,205)	(46,191)	(59,537)	(56,303)
- Collective assessment allowance	(263,102)	(278,599)	(329,481)	(334,704)
Total net loans, advances and financing	31,184,378	29,853,853	38,297,146	36,566,032

A16a By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Domestic non-bank financial institutions	426,104	542,938	480,875	576,252
Domestic business enterprises				
- Small and medium enterprises	6,800,351	6,044,630	8,501,844	7,481,367
- Others	5,993,631	5,778,514	7,149,342	6,890,104
Government and statutory bodies	7,185	8,258	7,185	8,258
Individuals	17,302,210	16,789,912	21,464,152	20,866,962
Other domestic entities	201,371	215,146	205,969	215,146
Foreign entities	729,576	759,532	840,502	885,023
Gross loans, advances and financing	31,460,428	30,138,930	38,649,869	36,923,112

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A16 Loans, Advances and Financing (contd.)

A16b By interest/profit rate sensitivity:

	BANK		GROUP	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Fixed rate				
- Housing loans/financing	7,657	9,282	48,263	57,528
- Hire purchase receivables	688,212	744,962	1,344,526	1,512,488
- Other fixed rate loans/financing	1,416,570	1,345,930	2,621,108	2,248,229
Variable rate				
- Base lending rate plus	22,841,643	22,343,074	27,337,507	26,582,088
- Base rate plus	621,659	27,173	621,659	29,334
- Cost plus	5,628,682	5,439,567	6,407,456	6,253,494
- Other variable rates loans/financing	256,005	228,942	269,350	239,951
Gross loans, advances and financing	31,460,428	30,138,930	38,649,869	36,923,112

A16c By economic purposes:

	BANK		GROUP	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Purchase of securities	1,414,793	1,512,265	1,492,152	1,597,174
Purchase of transport vehicles	591,033	652,535	1,252,087	1,426,986
Purchase of landed property	18,819,744	18,029,980	22,457,502	21,587,935
of which: - Residential	13,148,330	12,589,545	15,731,728	15,137,475
- Non-residential	5,671,414	5,440,435	6,725,774	6,450,460
Purchase of fixed assets excluding land & buildings	191,564	200,433	201,304	209,585
Personal use	1,471,487	1,380,111	2,518,006	2,276,090
Credit card	680,094	653,068	680,094	653,068
Construction	650,901	552,008	661,297	564,122
Mergers and acquisitions	117,688	117,687	117,688	117,687
Working capital	5,717,391	5,550,309	6,911,669	6,623,099
Others	1,805,733	1,490,534	2,358,070	1,867,366
Gross loans, advances and financing	31,460,428	30,138,930	38,649,869	36,923,112

A16d By geographical distribution:

	BANK		GROUP	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Northern region	2,057,310	1,999,996	2,474,169	2,413,727
Central region	22,887,642	22,103,352	27,897,223	26,845,424
Southern region	3,464,482	3,204,564	4,570,646	4,246,477
Sabah region	2,178,702	2,189,040	2,675,342	2,634,948
Sarawak region	872,292	641,978	1,032,489	782,536
Gross loans, advances and financing	31,460,428	30,138,930	38,649,869	36,923,112

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A16 Loans, Advances and Financing (contd.)

A16e By maturity structure:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Within one year	7,845,673	7,350,615	9,203,917	8,508,239
One year to three years	1,140,922	1,138,482	1,378,886	1,426,070
Three years to five years	1,465,612	1,395,031	2,027,729	1,825,760
Over five years	21,008,221	20,254,802	26,039,337	25,163,043
Gross loans, advances and financing	31,460,428	30,138,930	38,649,869	36,923,112

A16f Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
At beginning of year	321,497	353,880	380,712	442,781
Impaired during the period/year	367,116	560,117	461,547	688,569
Reclassified as unimpaired during the period/year	(206,719)	(335,872)	(255,321)	(412,159)
Recoveries	(86,892)	(184,976)	(110,592)	(235,458)
Amount written-off	(36,235)	(71,652)	(58,093)	(103,021)
At end of period/year	358,767	321,497	418,253	380,712
Individual allowance for impairment	(49,205)	(46,191)	(59,537)	(56,303)
Collective allowance for impairment (impaired portion)	(84,851)	(89,487)	(101,744)	(102,533)
Net impaired loans, advances and financing	224,711	185,819	256,972	221,876
Gross impaired loans as % of gross loans, advances and financing	1.1%	1.1%	1.1%	1.0%

A16g Impaired loans analysed by economic purposes are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Purchase of securities	-	515	-	515
Purchase of transport vehicles	9,088	4,356	12,845	8,263
Purchase of landed property	236,017	220,432	267,336	255,939
of which: - Residential	190,395	200,590	220,893	233,894
- Non-residential	45,622	19,842	46,443	22,045
Purchase of fixed assets excluding land & buildings	971	541	971	541
Personal use	23,940	18,056	37,315	27,164
Credit card	8,798	7,611	8,798	7,611
Construction	3,846	3,978	3,846	3,979
Working capital	62,474	59,664	72,368	67,634
Others	13,633	6,344	14,774	9,066
Gross impaired loans	358,767	321,497	418,253	380,712

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A16 Loans, Advances and Financing (contd.)

A16h Impaired loans by geographical distribution:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Northern region	48,738	42,274	52,056	45,294
Central region	249,992	221,285	296,535	267,873
Southern region	33,966	30,309	40,531	37,759
Sabah region	22,966	23,797	25,443	25,501
Sarawak region	3,105	3,832	3,688	4,285
Gross impaired loans	<u>358,767</u>	<u>321,497</u>	<u>418,253</u>	<u>380,712</u>

A16i Movements in the allowance for impairment on loans, advances and financing are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Individual assessment allowance				
At beginning of year	46,191	67,281	56,303	97,159
Allowance made during the period/year (net)	9,374	9,159	14,556	3,475
Amount written-off	(6,706)	(29,888)	(11,668)	(43,873)
Transfers from/(to) collective assessment allowance	346	(361)	346	(458)
At end of period/year	<u>49,205</u>	<u>46,191</u>	<u>59,537</u>	<u>56,303</u>

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Collective assessment allowance				
At beginning of year	278,599	266,907	334,704	313,296
Allowance made during the period/year (net)	14,378	51,693	41,548	78,193
Amount written-off	(29,529)	(40,362)	(46,425)	(57,243)
Transfers (to)/from individual assessment allowance	(346)	361	(346)	458
At end of period/year	<u>263,102</u>	<u>278,599</u>	<u>329,481</u>	<u>334,704</u>

A17 Other Assets

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Other receivables, deposits and prepayment Amount due from subsidiaries and related companies	148,657	107,511	158,757	119,463
	5,569	10,528	339	576
	<u>154,226</u>	<u>118,039</u>	<u>159,096</u>	<u>120,039</u>
Less:				
Allowance for other losses	(21,387)	(22,200)	(25,486)	(30,447)
	<u>132,839</u>	<u>95,839</u>	<u>133,610</u>	<u>89,592</u>

A18 Deposits from Customers

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
A18a By type of deposits:				
Amortised cost				
Demand deposits	11,169,349	11,040,092	13,479,751	13,222,415
Savings deposits	1,447,281	1,453,258	1,770,159	1,767,621
Fixed/investment deposits	15,652,339	17,714,630	20,000,202	21,164,118
Money market deposits	2,187,269	2,520,874	3,152,479	4,173,244
Negotiable instruments of deposits	4,693,951	3,733,216	4,775,051	4,001,934
Structured deposits	302,422	330,602	302,422	330,602
	<u>35,452,611</u>	<u>36,792,672</u>	<u>43,480,064</u>	<u>44,659,934</u>
At fair value through profit and loss				
Structured deposits	153,212	63,495	153,212	63,495
	<u>35,605,823</u>	<u>36,856,167</u>	<u>43,633,276</u>	<u>44,723,429</u>

Note

- (a) Structured deposits issued by the Bank include foreign currency time deposits with embedded foreign exchange, equity linked options and interest rate index linked placements.
- (b) The Group and the Bank has undertaken a fair value hedge on the interest rate risk of certain structured deposits amounting to RM278,332,000 (31.03.15: RM281,371,000) using interest rate swaps.

	<u>BANK/GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000
Structured deposits	278,332	281,371
Fair value changes arising from fair value hedges	(13,769)	(8,702)
	<u>264,563</u>	<u>272,669</u>

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 31 December 2015 is RM13,769,000 (31.03.15: RM8,702,000). There were no ineffectiveness.

- (c) During the financial period ended 31 December 2015, the Bank designated certain structured deposits at fair value through profit or loss. This designation is permitted under MFRS 139 "Financial Instruments: Recognition and Measurement" as it includes embedded derivatives that are not closely related to its underlying deposits. The structured deposits are recorded at fair value. The carrying amount of the structured deposits were RM9,070,000 lower than the contractual amount at maturity.

	<u>BANK/GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000
Structured deposits	176,104	67,232
Fair value changes arising from designation at fair value through profit or loss	(22,892)	(3,737)
	<u>153,212</u>	<u>63,495</u>

The fair value changes of the structured deposits that are attributable to the changes in own credit risk are not significant.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A18 Deposits from Customers (contd.)

A18b By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Domestic financial institutions	4,790,701	3,813,411	4,850,851	4,057,149
Domestic non-bank financial institutions	1,315,836	2,406,296	2,068,852	4,443,347
Government and statutory bodies	1,652,395	1,766,434	3,610,247	2,998,668
Business enterprises	11,455,141	11,332,469	14,588,723	14,250,724
Individuals	15,479,243	16,579,623	17,408,462	17,906,583
Foreign entities	518,260	523,371	595,051	591,360
Others	394,247	434,563	511,090	475,598
	35,605,823	36,856,167	43,633,276	44,723,429

A18c The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposit are as follow:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Due within six months	18,648,431	19,635,124	23,047,619	24,128,402
Six months to one year	3,842,951	4,279,806	4,744,217	5,156,361
One year to three years	34,218	47,655	30,632	48,134
Three years to five years	7,959	6,135	105,264	6,399
	22,533,559	23,968,720	27,927,732	29,339,296

A19 Deposits and Placements of Banks and Other Financial Institutions

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Licensed banks	2,234,086	601,968	2,583,804	852,198
Licensed investment banks	11,801	-	11,801	-
Licensed Islamic banks	-	-	-	200,020
Bank Negara Malaysia	286,571	326,527	411,067	437,557
Other financial institutions	50,004	-	50,004	-
	2,582,462	928,495	3,056,676	1,489,775

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A20 Balances Due To Clients And Brokers

	GROUP	
	31 December	31 March
	2015	2015
	RM'000	RM'000
Due to clients	143,368	62,833
Due to brokers	19,608	-
	162,976	62,833

These mainly relate to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

The Group's normal trade credit terms for non-margin clients is three (3) market days according to the Bursa's FDSS trading rules.

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM80,054,000 (31.3.15: RM78,850,000) have been excluded accordingly.

A21 Other Liabilities

	BANK		GROUP	
	31 December	31 March	31 December	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Other payable and accruals	737,400	729,919	876,781	901,303
Remisiers' accounts	-	-	22,132	21,305
Finance lease liabilities	8,684	10,299	8,684	10,299
Amount due to subsidiaries	15,695	6,081	-	-
Amount due to holding company	-	591	176	665
	761,779	746,890	907,773	933,572

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A22 Interest Income

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>BANK</u>				
Loans, advances and financing	375,802	342,386	1,087,464	980,646
Money at call and deposit placements with financial institutions	1,628	5,242	8,437	22,590
Financial assets held-for-trading	1,476	11	3,184	225
Financial investments available-for-sale	79,975	74,263	221,781	222,058
Financial investments held-to-maturity	5,516	5,500	16,402	16,421
Others	2,509	2,383	8,002	7,300
	466,906	429,785	1,345,270	1,249,240
Accretion of discount less amortisation of premium	17,745	15,811	49,910	46,137
	484,651	445,596	1,395,180	1,295,377
<u>GROUP</u>				
Loans, advances and financing	378,246	349,769	1,104,205	1,002,368
Money at call and deposit placements with financial institutions	1,507	4,496	7,292	21,132
Financial assets held-for-trading	1,508	11	3,216	225
Financial investments available-for-sale	84,463	78,172	234,421	236,861
Financial investments held-to-maturity	6,781	6,772	20,197	20,223
Others	2,510	2,384	8,003	7,301
	475,015	441,604	1,377,334	1,288,110
Accretion of discount less amortisation of premium	17,448	17,509	50,100	51,747
	492,463	459,113	1,427,434	1,339,857

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A23 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	16,655	13,759	34,443	43,886
Deposits from customers	228,327	209,721	682,372	594,160
Securities sold under repurchase agreements	26	-	26	-
Other borrowings	31	-	31	-
Subordinated obligations	17,448	7,392	32,234	22,164
Others	6,463	4,802	17,938	12,379
	268,950	235,674	767,044	672,589
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	18,634	19,028	42,660	61,446
Deposits from customers	234,993	215,475	700,660	611,912
Securities sold under repurchase agreements	26	-	26	-
Other borrowings	31	-	31	-
Subordinated obligations	17,438	7,392	32,224	22,164
Others	6,463	4,802	17,938	12,379
	277,585	246,697	793,539	707,901

A24 Net Income from Islamic Banking Business

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Income derived from investment of depositors' funds and others	109,740	96,678	319,109	266,347
Income derived from investment of Islamic Banking funds	9,784	8,633	27,811	24,973
Income attributable to depositors and financial institutions	(63,233)	(53,815)	(184,829)	(145,133)
	56,291	51,496	162,091	146,187
Add: Income due to head office eliminated at Group level	6,928	6,861	20,732	20,660
	63,219	58,357	182,823	166,847

A25 Other Operating Income

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	19,766	19,108	59,316	59,619
Service charges and fees	8,984	8,439	22,979	23,757
Guarantee fees	3,786	3,668	10,746	9,899
Processing fees	1,465	1,965	4,892	10,852
Commitment fees	3,846	3,883	11,633	11,458
Other fee income	27,046	27,325	77,179	88,968
	64,893	64,388	186,745	204,553
(b) <u>Fee and commission expense:</u>				
Commissions expense	(642)	(504)	(1,430)	(1,650)
Guarantee fees expense	(255)	(225)	(888)	(731)
Brokerage fees expense	(2)	(3)	(5)	(5)
Other fee expense	(23,169)	(23,894)	(68,080)	(68,152)
	(24,068)	(24,626)	(70,403)	(70,538)
(c) <u>Investment income:</u>				
(Loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	(276)	17	(1,742)	7
- Financial investments available-for-sale	1,100	351	1,740	14,752
Marked-to-market revaluation of:				
- Financial assets held-for-trading	895	18	473	42
- Derivative instruments	(48,435)	84,725	(16,880)	112,461
- Unrealised (loss)/gain arising from financial liabilities designated at fair value	(3,075)	-	19,155	-
Realised gain/(loss) on derivative instruments	77,554	(69,695)	82,184	(59,548)
Gross dividend income from:				
- Financial investments available-for-sale	159	168	2,440	1,959
- Subsidiaries	-	29,403	5,974	52,896
	27,922	44,987	93,344	122,569
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	(2,171)	8,019	6,901	6,256
Rental income	98	75	283	275
Gain/(loss) on disposal of property, plant and equipment	1	-	(11)	1
Others	8,135	8,381	21,686	21,492
	6,063	16,475	28,859	28,024
Total other operating income	74,810	101,224	238,545	284,608

A25 Other Operating Income (contd.)

GROUP	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
(a) <u>Fee income:</u>				
Commissions	19,766	19,108	59,316	59,619
Service charges and fees	9,130	8,625	23,449	24,438
Portfolio management fees	-	8	-	24
Corporate advisory fees	620	90	1,300	455
Brokerage fees	8,495	9,558	25,591	30,939
Guarantee fees	3,793	3,672	11,014	10,168
Processing fees	2,060	2,284	6,012	12,635
Commitment fees	3,852	3,889	11,652	11,477
Underwriting commissions	375	210	375	526
Other fee income	27,046	27,325	77,179	88,990
	75,137	74,769	215,888	239,271
(b) <u>Fee and commission expense:</u>				
Commissions expense	(642)	(504)	(1,430)	(1,650)
Guarantee fees expense	(255)	(225)	(888)	(731)
Brokerage fees expense	(3,958)	(4,520)	(12,202)	(15,205)
Other fee expense	(23,169)	(23,894)	(68,080)	(68,152)
	(28,024)	(29,143)	(82,600)	(85,738)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	206	17	(1,260)	7
- Financial investments available-for-sale	1,301	512	2,337	15,092
Marked-to-market revaluation of:				
- Financial assets held-for-trading	895	18	473	42
- Derivative instruments	(48,435)	84,725	(16,880)	112,461
- Unrealised (loss)/gain arising from financial liabilities designated at fair value	(3,075)	-	19,155	-
Realised gain/(loss) on derivative instruments	77,554	(69,695)	82,184	(59,548)
Gross dividend income from:				
- Financial investments available-for-sale	384	288	3,145	2,179
	28,830	15,865	89,154	70,233
(d) <u>Other income :</u>				
Foreign exchange (loss)/gain	(2,111)	8,078	7,133	6,521
Gain/(loss) on disposal of property, plant and equipment	1	-	(11)	1
Others	8,302	8,623	22,317	22,213
	6,192	16,701	29,439	28,735
Total other operating income	82,135	78,192	251,881	252,501

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A26 Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	67,105	53,738	190,623	162,227
- Contribution to EPF	10,545	9,190	30,685	28,154
- Share options/grants under ESS	1,414	(301)	5,008	5,644
- Others	7,729	7,036	21,574	30,593
	86,793	69,663	247,890	226,618
Establishment costs				
- Depreciation of property, plant and equipment	5,577	5,217	16,821	15,194
- Amortisation of computer software	5,411	4,443	15,843	13,254
- Rental of premises	5,889	5,255	17,719	15,800
- Water and electricity	1,429	1,593	4,568	5,220
- Repairs and maintenance	1,784	2,256	4,817	6,292
- Information technology expenses	7,305	7,991	24,065	20,777
- Others	1,091	1,278	2,623	3,935
	28,486	28,033	86,456	80,472
Marketing expenses				
- Promotion and advertisement	854	1,353	2,301	4,043
- Branding and publicity	2,490	3,481	5,916	8,359
- Others	1,264	1,197	3,678	3,507
	4,608	6,031	11,895	15,909
Administration and general expenses				
- Communication expenses	2,578	2,601	7,538	7,925
- Printing and stationery	461	903	1,711	2,439
- Insurance	4,578	2,353	15,508	6,907
- Professional fees	4,286	3,416	10,228	10,366
- Others	5,886	3,755	15,950	13,560
	17,789	13,028	50,935	41,197
Total other operating expenses	137,676	116,755	397,176	364,196

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A26 Other Operating Expenses (contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	85,851	73,696	248,421	220,661
- Contribution to EPF	13,535	12,368	39,760	37,584
- Share options/grants under ESS	1,533	(344)	5,293	5,820
- Others	10,670	10,231	28,237	39,385
	<u>111,589</u>	<u>95,951</u>	<u>321,711</u>	<u>303,450</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,713	5,319	17,199	15,520
- Amortisation of computer software	5,491	4,513	16,066	13,444
- Rental of premises	7,559	6,998	22,951	20,914
- Water and electricity	2,024	2,276	6,180	7,112
- Repairs and maintenance	2,429	2,940	6,521	8,296
- Information technology expenses	9,848	10,848	31,097	29,353
- Others	3,456	4,029	10,543	12,162
	<u>36,520</u>	<u>36,923</u>	<u>110,557</u>	<u>106,801</u>
Marketing expenses				
- Promotion and advertisement	1,760	1,508	4,621	4,497
- Branding and publicity	2,612	4,508	6,269	11,521
- Others	2,099	2,094	6,055	6,078
	<u>6,471</u>	<u>8,110</u>	<u>16,945</u>	<u>22,096</u>
Administration and general expenses				
- Communication expenses	3,102	3,539	9,525	10,636
- Printing and stationery	600	1,136	2,201	3,023
- Insurance	5,056	2,549	17,242	7,448
- Professional fees	5,208	4,884	12,754	14,548
- Others	6,278	3,370	17,015	13,310
	<u>20,244</u>	<u>15,478</u>	<u>58,737</u>	<u>48,965</u>
Total other operating expenses	<u>174,824</u>	<u>156,462</u>	<u>507,950</u>	<u>481,312</u>

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A27 (Write-back of)/Allowance for Losses on Loans, Advances and Financing and Other Receivables

	3rd Quarter Ended		Nine Months Ended	
	31 December 2015 RM'000	31 December 2014 RM'000	31 December 2015 RM'000	31 December 2014 RM'000
<u>BANK</u>				
(Write-back of)/allowance for impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	4,363	2,906	9,374	6,143
(b) Collective assessment allowance				
- (write-back)/made during the period (net)	(1,176)	21,825	14,378	33,995
(c) Bad debts on loans and financing				
- Recovered	(8,581)	(5,211)	(21,515)	(36,832)
- Written-off	2,276	3,043	7,092	9,379
	(3,118)	22,563	9,329	12,685
Allowance for other receivables	618	578	1,987	1,508
	(2,500)	23,141	11,316	14,193
<u>GROUP</u>				
Allowance for impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	4,616	2,996	14,556	638
(b) Collective assessment allowance				
- made during the period (net)	7,814	28,645	41,548	55,906
(c) Bad debts on loans and financing				
- Recovered	(11,146)	(9,327)	(28,727)	(48,575)
- Written-off	4,425	3,997	12,441	12,983
	5,709	26,311	39,818	20,952
Allowance for other receivables	709	639	2,976	1,162
	6,418	26,950	42,794	22,114

A28 Commitments and Contingencies

The off-balance sheet exposures and their related counterparty credit risk of the Group and the Bank are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	672,676	714,754	750,288	789,038
Transaction-related contingent items	627,223	596,203	687,386	653,199
Short-term self-liquidating trade-related contingencies	114,905	140,377	146,048	164,832
Irrevocable commitments to extend credit:				
- maturity exceeding one year	2,385,905	3,589,874	2,740,794	4,189,365
- maturity not exceeding one year	5,104,357	5,335,806	6,591,534	6,634,666
Unutilised credit card lines	1,563,524	1,457,307	1,563,524	1,457,307
	<u>10,468,590</u>	<u>11,834,321</u>	<u>12,479,574</u>	<u>13,888,407</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	8,542,478	4,794,524	8,542,478	4,794,524
- over one year to three years	128,805	69,675	128,805	69,675
- over three years	-	31,515	-	31,515
Interest rate related contracts:				
- one year or less	480,000	2,085,000	480,000	2,085,000
- over one year to three years	798,227	828,153	798,227	828,153
- over three years	1,476,025	1,012,269	1,476,025	1,012,269
Equity related contracts				
- one year or less	58,700	23,460	58,700	23,460
- over one year to three years	39,430	12,780	39,430	12,780
	<u>11,523,665</u>	<u>8,857,376</u>	<u>11,523,665</u>	<u>8,857,376</u>
	<u>21,992,255</u>	<u>20,691,697</u>	<u>24,003,239</u>	<u>22,745,783</u>

ALLIANCE BANK MALAYSIA BERHAD**(88103-W)**

(Incorporated in Malaysia)

A29 Derivative Financial Assets/(Liabilities)

Derivative financial instruments measured at fair values together with their corresponding contract/notional amounts:

<u>BANK/GROUP</u>	As at 31 December 2015			As at 31 March 2015		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,224,166	53,509	(4,779)	1,083,171	70,152	(5,529)
Currency swaps						
- one year or less	7,127,296	57,587	(66,290)	3,184,221	56,121	(76,726)
- over one year to three years	128,805	6,035	(21,446)	69,675	234	(4,133)
- over three years	-	-	-	31,515	-	(5,562)
Currency spots						
- one year or less	102,112	141	(14)	219,795	347	(869)
Currency options						
- one year or less	88,904	240	(131)	307,337	1,562	(803)
	8,671,283	117,512	(92,660)	4,895,714	128,416	(93,622)
Interest rate derivatives						
Interest rate swap	2,477,000	7,428	(2,289)	3,645,000	4,044	(9,276)
- one year or less	480,000	371	(48)	2,085,000	2,205	(562)
- over one year to three years	733,000	1,324	(1,309)	800,000	1,030	(2,440)
- over three years	1,264,000	5,733	(932)	760,000	809	(6,274)
Equity related derivatives						
- one year or less	58,700	-	(16,536)	23,460	-	(3,554)
- over one year to three years	39,430	9	(4,194)	12,780	-	(70)
Hedging Derivatives						
Interest rate swap						
- over one year to three years	65,227	-	(3,036)	28,153	-	(429)
- over three years	212,025	-	(10,733)	252,269	-	(8,273)
Total derivatives assets/(liabilities)	11,523,665	124,949	(129,448)	8,857,376	132,460	(115,224)

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risks with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2015.

Forwards

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

A29 Derivative Financial Assets/(Liabilities) (Contd.)

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

Spots

Spots refer to the buying and selling of the currency where the settlement date is two business days.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a predetermined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.

Related accounting policies

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of interest income or interest expense.

A30 Segment Information

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards, wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers Small and Medium Enterprise ("SME") and Wholesale Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Wholesale Banking serves public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provide foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Investment Banking

Investment Banking covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

Others refer to mainly other business operations such as alternative distribution channels, trustee services and head office.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
3rd Quarter ended 31 December 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	123,861	87,060	9,291	1,069	41	221,322	(6,444)	214,878
- inter-segment	(39,263)	13,087	27,022	(846)	-	-	-	-
	84,598	100,147	36,313	223	41	221,322	(6,444)	214,878
Net income from Islamic banking business	22,661	19,964	13,666	-	-	56,291	6,928	63,219
Other operating income	25,247	36,232	14,175	6,525	2,194	84,373	(2,238)	82,135
Net income	132,506	156,343	64,154	6,748	2,235	361,986	(1,754)	360,232
Other operating expenses	(76,176)	(60,479)	(13,696)	(9,829)	(5,321)	(165,501)	1,881	(163,620)
Depreciation and amortisation	(6,098)	(4,045)	(895)	(166)	-	(11,204)	-	(11,204)
Operating profit/(loss)	50,232	91,819	49,563	(3,247)	(3,086)	185,281	127	185,408
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(7,542)	3,219	(80)	(15)	-	(4,418)	(2,000)	(6,418)
Segment result	42,690	95,038	51,234	(3,262)	(3,086)	182,614	(1,873)	180,741
Share of results of associates								3
Share of profit of joint venture accounted for using the equity method								19
Taxation								(45,128)
Net profit after taxation								135,635
Segment assets	22,455,548	15,795,025	17,265,177	246,205	17,361	55,779,316	(1,885,369)	53,893,947
Reconciliation of segment assets to consolidated assets:								
Investments in associates								518
Investments in joint venture								549
Property, plant and equipment								90,262
Unallocated assets								52,855
Intangible assets								365,307
Total assets								54,403,438
Segment Liabilities	20,964,637	18,556,103	11,057,250	189,264	13,659	50,780,913	(961,928)	49,818,985
Unallocated liabilities								15,225
Total liabilities								49,834,210

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A30 Segment information (contd.)

<u>Group</u>	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Nine months ended 31 December 2015								
Net interest income								
- External income	334,737	248,466	58,534	3,330	81	645,148	(11,253)	633,895
- inter-segment	(93,525)	43,578	52,640	(2,693)	-	-	-	-
	241,212	292,044	111,174	637	81	645,148	(11,253)	633,895
Net income from Islamic banking business	67,418	56,439	38,234	-	-	162,091	20,732	182,823
Other operating income	78,070	110,915	45,747	17,630	13,317	265,679	(13,798)	251,881
Net income	386,700	459,398	195,155	18,267	13,398	1,072,918	(4,319)	1,068,599
Other operating expenses	(221,324)	(174,578)	(41,417)	(28,624)	(14,511)	(480,454)	5,769	(474,685)
Depreciation and amortisation	(17,954)	(12,083)	(2,772)	(456)	-	(33,265)	-	(33,265)
Operating profit/(loss)	147,422	272,737	150,966	(10,813)	(1,113)	559,199	1,450	560,649
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(28,477)	(12,239)	(85)	7	-	(40,794)	(2,000)	(42,794)
Write-back of impairment on securities	-	3	2,424	-	-	2,427	-	2,427
Segment result	118,945	260,501	153,305	(10,806)	(1,113)	520,832	(550)	520,282
Share of results of associates								7
Share of profit of joint venture accounted for using the equity method								139
Taxation								(129,524)
Net profit after taxation								390,904
Segment assets	22,455,548	15,795,025	17,265,177	246,205	17,361	55,779,316	(1,885,369)	53,893,947
Reconciliation of segment assets to consolidated assets:								
Investments in associates								518
Investments in joint ventures								549
Property, plant and equipment								90,262
Unallocated assets								52,855
Intangible assets								365,307
Total assets								54,403,438
Segment Liabilities	20,964,637	18,556,103	11,057,250	189,264	13,659	50,780,913	(961,928)	49,818,985
Unallocated liabilities								15,225
Total liabilities								49,834,210

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A30 Segment information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
3rd Quarter ended 31 December 2014								
Net interest income								
- External income	107,466	77,283	29,046	1,825	18	215,638	(3,222)	212,416
- inter-segment	(25,701)	13,441	13,530	(1,270)	-	-	-	-
	81,765	90,724	42,576	555	18	215,638	(3,222)	212,416
Net income from Islamic banking business	21,894	18,344	11,257	-	-	51,495	6,862	58,357
Other operating income	23,539	40,267	8,307	6,015	11,111	89,239	(11,047)	78,192
Net income	127,198	149,335	62,140	6,570	11,129	356,372	(7,407)	348,965
Other operating expenses	(68,148)	(52,057)	(11,935)	(10,467)	(5,946)	(148,553)	1,923	(146,630)
Depreciation and amortisation	(5,469)	(3,302)	(932)	(129)	-	(9,832)	-	(9,832)
Operating profit/(loss)	53,581	93,976	49,273	(4,026)	5,183	197,987	(5,484)	192,503
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(10,022)	(16,413)	(649)	134	-	(26,950)	-	(26,950)
Write-back of impairment on securities	-	1,743	-	-	-	1,743	-	1,743
Segment result	43,559	79,306	48,624	(3,892)	5,183	172,780	(5,484)	167,296
Share of results of associates								3
Share of profit of joint venture accounted for using the equity method								8
Taxation								(41,701)
Net profit after taxation								125,606
Segment assets	21,213,323	13,873,326	17,541,398	196,569	17,287	52,841,903	(2,096,349)	50,745,554
Reconciliation of segment assets to consolidated assets:								
Investments in associates								507
Investments in joint ventures								408
Property, plant and equipment								95,235
Unallocated assets								31,855
Intangible assets								356,978
Total assets								51,230,537
Segment Liabilities	19,130,814	16,643,658	12,390,604	102,723	13,785	48,281,584	(1,271,932)	47,009,652
Unallocated liabilities								8,637
Total liabilities								47,018,289

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A30 Segment information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Nine months ended 31 December 2014								
Net interest income								
- External income	301,829	237,458	97,310	5,368	34	641,999	(10,043)	631,956
- inter-segment	(55,938)	23,925	35,908	(3,895)	-	-	-	-
	245,891	261,383	133,218	1,473	34	641,999	(10,043)	631,956
Net income from Islamic banking business	62,756	50,880	32,550	-	-	146,186	20,661	166,847
Other operating income	83,467	117,665	32,902	19,797	20,437	274,268	(21,767)	252,501
Net income	392,114	429,928	198,670	21,270	20,471	1,062,453	(11,149)	1,051,304
Other operating expenses	(200,849)	(160,480)	(36,599)	(32,566)	(28,755)*	(459,249)	6,901	(452,348)
Depreciation and amortisation	(15,981)	(9,792)	(2,772)	(419)	-	(28,964)	-	(28,964)
Operating profit/(loss)	175,284	259,656	159,299	(11,715)	(8,284)	574,240	(4,248)	569,992
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(39,086)	16,146	10	816	-	(22,114)	-	(22,114)
Write-back of impairment on securities	-	4,356	833	-	1,500	6,689	-	6,689
Segment result	136,198	280,158	160,142	(10,899)	(6,784)	558,815	(4,248)	554,567
Share of results of associates								7
Share of profit of joint venture accounted for using the equity method								14
Taxation								(137,986)
Net profit after taxation								416,602
Segment assets	21,213,323	13,873,326	17,541,398	196,569	17,287	52,841,903	(2,096,349)	50,745,554
Reconciliation of segment assets to consolidated assets:								
Investments in associates								507
Investments in joint ventures								408
Property, plant and equipment								95,235
Unallocated assets								31,855
Intangible assets								356,978
Total assets								51,230,537
Segment Liabilities	19,130,814	16,643,658	12,390,604	102,723	13,785	48,281,584	(1,271,932)	47,009,652
Unallocated liabilities								8,637
Total liabilities								47,018,289

* Includes rationalisation cost of RM10,648,000.

A31 Capital Adequacy

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework issued on 28 November 2012. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Group and the Bank are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The capital adequacy ratios of the Group and Bank are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2015	31 March 2015	31 December 2015	31 March 2015
<u>Before deducting proposed dividends</u>				
CET I capital ratio	11.198%	11.291%	11.310%	11.301%
Tier I capital ratio	11.198%	11.291%	11.310%	11.301%
Total capital ratio	16.107%	11.751%	17.101%	13.160%
<u>After deducting proposed dividends</u>				
CET I capital ratio	11.198%	11.058%	11.310%	11.108%
Tier I capital ratio	11.198%	11.058%	11.310%	11.108%
Total capital ratio	16.107%	11.518%	17.101%	12.967%

A31 Capital Adequacy (contd.)

(a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital are as follows:

	BANK		GROUP	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	796,517	796,517	796,517	796,517
Share premium	401,517	401,517	401,517	401,517
Retained profits	1,746,793	1,881,187	1,869,841	2,005,815
Statutory reserves	779,302	722,368	1,133,983	1,069,665
Revaluation reserves	41,861	43,838	75,170	78,232
Other reserves	-	-	10,018	10,018
	3,765,990	3,845,427	4,287,046	4,361,764
Less: Regulatory adjustment				
- Goodwill and other intangibles	(249,563)	(244,522)	(365,307)	(359,935)
- Deferred tax assets	-	-	(13,479)	(12,020)
- 55% of revaluation reserve	(23,024)	(24,111)	(41,344)	(43,028)
- Investment in subsidiaries, associates and joint venture	(357,220)	(317,220)	(1,875)	(1,816)
Total CET I capital/Total Tier I capital	3,136,183	3,259,574	3,865,041	3,944,965
<u>Tier II Capital</u>				
Subordinated obligations	1,618,488	419,581	1,618,488	419,581
Collective assessment allowance and regulatory reserves	292,083	189,112	363,356	232,171
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	(535,830)	(475,830)	(2,812)	(2,725)
Total Tier II capital	1,374,741	132,863	1,979,032	649,027
Total Capital	4,510,924	3,392,437	5,844,073	4,593,992

(b) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

	BANK		GROUP	
	31 December 2015 RM'000	31 March 2015 RM'000	31 December 2015 RM'000	31 March 2015 RM'000
Credit risk	25,522,783	26,471,112	31,195,963	32,011,298
Market risk	117,971	125,778	117,971	125,778
Operational risk	2,365,183	2,271,723	2,859,395	2,770,484
Total RWA and capital requirements	28,005,937	28,868,613	34,173,329	34,907,560

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A31 Capital Adequacy (contd.)

(c) The capital adequacy ratios of the banking subsidiaries are as follows:

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
31 December 2015		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	12.710%	84.581%
Tier I capital ratio	12.710%	84.581%
Total capital ratio	13.853%	84.727%
<u>After deducting proposed dividends</u>		
CET I capital ratio	12.710%	84.581%
Tier I capital ratio	12.710%	84.581%
Total capital ratio	13.853%	84.727%
31 March 2015		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.013%	94.504%
Tier I capital ratio	11.013%	94.504%
Total capital ratio	11.731%	94.504%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.013%	93.448%
Tier I capital ratio	11.013%	93.448%
Total capital ratio	11.731%	93.448%

A32 Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

MFRS 13 Fair Value Measurement requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Bank and the Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes, repurchase agreements and most of the Group's derivatives.

(iii) Financial instruments in Level 3

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include net tangible assets, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

A32 Fair Value Measurements (contd.)

(b) Financial instruments measured at fair value and the fair value hierarchy

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analyzed by the various levels within the fair value hierarchy:

<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2015	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	185,566	-	185,566
Financial investments available-for-sale				
- Money market instruments	-	7,033,071	-	7,033,071
- Quoted securities in Malaysia	18	-	-	18
- Unquoted securities	-	1,999,677	102,657	2,102,334
Derivative financial assets	-	124,949	-	124,949
<u>Liabilities</u>				
Derivative financial liabilities	-	129,448	-	129,448
<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2015	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	185,566	-	185,566
Financial investments available-for-sale				
- Money market instruments	-	7,909,179	-	7,909,179
- Quoted securities in Malaysia	18	-	-	18
- Unquoted securities	-	2,883,921	152,340	3,036,261
Derivative financial assets	-	124,949	-	124,949
<u>Liabilities</u>				
Derivative financial liabilities	-	129,448	-	129,448

A32 Fair Value Measurements (contd.)

(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analyzed by the various levels within the fair value hierarchy (contd.):

<u>BANK</u> 31 March 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	10,037	-	10,037
Financial investments available-for-sale				
- Money market instruments	-	5,667,576	-	5,667,576
- Quoted securities in Malaysia	11	-	-	11
- Unquoted securities	-	2,120,236	94,376	2,214,612
Derivative financial assets	-	132,460	-	132,460
<u>Liabilities</u>				
Derivative financial liabilities	-	115,224	-	115,224
<u>GROUP</u> 31 March 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	10,037	-	10,037
Financial investments available-for-sale				
- Money market instruments	-	6,872,324	-	6,872,324
- Quoted securities in Malaysia	11	-	-	11
- Unquoted securities	-	2,741,310	140,211	2,881,521
Derivative financial assets	-	132,460	-	132,460
<u>Liabilities</u>				
Derivative financial liabilities	-	115,224	-	115,224

A32 Fair Value Measurements (contd.)

(b) Financial instruments measured at fair value and the fair value hierarchy (contd.)

Reconciliation of movements in Level 3 financial instruments:

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
At beginning of year	94,376	100,111	140,211	141,100
Total (losses)/gains recognised in:				
- Statement of comprehensive income				
(i) (Loss)/gain arising from sales financial investments available-for-sales	(549)	11,224	(549)	11,224
- Other comprehensive income/(expense)				
(i) Revaluation reserves	8,856	(2,870)	12,704	1,976
Disposal	(26)	(14,089)	(26)	(14,089)
At end of period/year	102,657	94,376	152,340	140,211

The Bank's and the Group's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Bank's and the Group's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and liabilities of level 3 of the fair value hierarchy.

A33 COMPARATIVES

The following comparatives were reclassified to conform with presentation of audit and annual financial statement ended 31 March 2015. This does not have any impact on the financial results and earnings per share of the comparative financial year.

Statements of Comprehensive Income for the
for the 3rd Quarter ended 31 December 2014

	As previously stated RM'000	Restatement RM'000	As restated RM'000
BANK			
Other income	16,317	158	16,475
Other operating expenses	<u>(116,597)</u>	<u>(158)</u>	<u>(116,755)</u>
GROUP			
Net income from Islamic banking business	58,279	78	58,357
Other income	16,532	169	16,701
Other operating expenses	(156,240)	(222)	(156,462)
Taxation	<u>(41,676)</u>	<u>(25)</u>	<u>(41,701)</u>

Statements of Comprehensive Income for the
financial period ended 31 December 2014

	As previously stated RM'000	Restatement RM'000	As restated RM'000
BANK			
Other income	26,161	1,863	28,024
Other operating expenses	<u>(362,333)</u>	<u>(1,863)</u>	<u>(364,196)</u>
GROUP			
Net income from Islamic banking business	165,872	975	166,847
Investment income	71,733	(1,500)	70,233
Other income	26,845	1,890	28,735
Other operating expenses	(478,484)	(2,828)	(481,312)
Write-back of impairment on securities	5,189	1,500	6,689
Taxation	<u>(137,949)</u>	<u>(37)</u>	<u>(137,986)</u>

Statements of Financial Position as at 31 March 2015

	As previously stated RM'000	Restatement RM'000	As restated RM'000
GROUP			
Provision for taxation and zakat	1,946	(1,946)	-
Provision for taxation	-	1,818	1,818
Provision for zakat	<u>-</u>	<u>128</u>	<u>128</u>

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance

For the third quarter ended 31 December 2015, the Group reported a net profit after taxation of RM135.6 million, an increase of RM1.6 million or 1.2% quarter to quarter comparison (3Q ended December 15 vs 2Q ended September 2015), and an increase of RM10.0 million or 8.0% over corresponding quarter last year (3Q ended December 2015 vs 3Q ended December 2014) , but a decrease of RM25.7 million or 6.2% over previous year's corresponding period (nine months ended December 2014), primarily due to lower bad debt recoveries.

Current Year-to-Date vs. Previous Year-to-Date (3Q FY2016 vs. 3Q FY2015)

Key year-on-year performance highlights:

- Revenue improved by RM17.3 million or 1.6% year-on-year.
- Lower NPAT due to normalising of credit costs.
- Gross interest margin improved 22 bps to 4.71% and gross loans growth of RM3.0 billion, driven by the focus towards higher risk-adjusted-return loans and better pricing discipline.
- Despite pressure on the cost of funds, Net Interest Margin only reduced marginally, by 3 bps to 217 bps.
- Non-interest income recorded a growth of RM24.9 million after excluding one-off income of corresponding prior period.
- Total expenses increased due to higher personnel cost and deposit insurance premium.
- Credit cost recorded at 15.1bps is within original guidance and in line with the industry.
- Asset quality remains good, with the gross impaired loans ratio at 1.1%.

Performance by business segment:

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Investment Banking. Please refer to Note A30 on Segment Information for the composition of each business segment.

The year-on-year performance comparison for Consumer Banking is as follows:

- Profit before tax was RM17.3 million lower year-on-year. The revenue was RM5.4 million (or 1.4%) lower compared to the corresponding period last year.
- Operating profit was lower (15.9% decrease) year-on-year mainly due to higher operating expenses. Profit before tax was also 12.7% lower year-on-year.
- Asset growth was RM1.2 billion (or 5.9%) higher year-on-year, while liabilities registered growth of RM1.8 billion (or 9.6%) higher year-on-year.

The year-on-year performance comparison for Business Banking is as follows:

- Revenue was RM29.5 million (or 6.9%) higher compared to the corresponding period last year.
- Operating profit was RM13.1 million (or 5.0%) higher year-on-year. However profit before tax was RM19.7 million (or 7.0%) lower compared to the corresponding period last year, mainly due to higher allowance for impairment on loans, advances and financing by RM32.7 million and lower recoveries.
- Asset growth was RM1.9 billion (or 13.9%) higher year-on-year, while liabilities registered growth of RM1.9 billion (or 11.5%) higher year-on-year.

The year-on-year performance comparison for Financial Markets is as follows:

- Operating profit was RM8.3 million or 5.2% lower compared to the corresponding period last year due to lower net interest income of RM22.0 million, partially offset by higher net income from Islamic Banking Business of RM5.7 million and other operating income of RM12.8 million.

Investment Banking segment covers stockbroking, capital market activities and corporate advisory services.

- Investment Banking's loss of RM10.8 million for the 9 months ended 31 December 2015, RM0.1 million lower from the loss of RM10.9 million incurred during the corresponding period last year.

PART B - Review of Performance & Current Year Prospect (contd.)

B1 Review of Performance (contd.)

B2. Comparison with Immediate Preceding Quarter (3Q FY2016 vs. 2Q FY2016)

For 3Q 2016 ended 31 December 2015, the Group reported a net profit after taxation of RM135.6 million, an improvement of RM1.6 million or 1.2% compared to the preceding quarter ended 30 September 2015.

Key quarter-on-quarter performance highlights:

- NPAT growth of 1.2% driven by RM4.7 million higher net interest income and Islamic income.
- Gross Interest Margin improved by 3 bps despite industry-wide compression.
- Annualised loan growth recorded at 7.2%, mainly from better Risk-Adjusted-Return loans such as Personal Financing.
- Client Base Income increased by RM4.5 million, whilst Non Client Base declined by RM14.1 million.
- Cost to Income Ratio was at 48.5%.
- Credit cost is within original guidance and in line with industry.
- The Group's total capital ratio remained sound at 17.1% with a Common Equity Tier 1 Capital ratio of 11.3% as at 31 December 2015.

Performance by business segment:

Consumer Banking's profit before taxation was RM42.7 million for the 3 months ended 31 December 2015, which was 14.4% higher compared to the preceding quarter ended 30 September 2015:

- Revenue was RM10.5 million (or 8.6%) higher compared to the preceding quarter (2Q FY2016).
- Operating profit was higher (15.4% increase) mainly due to higher net interest income.
- Asset growth was RM324 million (or 1.5%) higher and liabilities also registered at RM25.3 million (or 0.1%) higher.

Business Banking's profit before taxation was RM95.0 million for the 3 months ended 31 December 2015, which was 18.3% higher compared to the preceding quarter (2Q ended 30 September 2015):

- Revenue was RM1.7 million (or 1.1%) higher compared to the preceding quarter (2Q FY2016).
- Profit before tax registered quarter-on-quarter increased by RM14.7 million, mainly due to lower allowances for impairment on loans of RM16.0 million.

Financial Market's profit before taxation was RM51.2 million for the 3 months ended 31 December 2015, which was 16.9% lower compared to the preceding quarter (2Q ended 30 September 2015):

- Revenue was RM12.2 million (or 16.0%) lower compared to the preceding quarter (2Q FY2016).
- Profit before tax registered quarter-on-quarter decline by RM10.4 million, due to lower non interest income and net interest income.

Investment Banking segment covers stockbroking, capital market activities and corporate advisory services.

- Investment Banking registered a loss of RM3.3 million for the 3 months ended 31 December 2015, which improved of RM0.6 million compared to the preceding quarter (2Q ended 30 September 2015) due to higher revenue.

PART B - Review of Performance & Current Year Prospect (contd.)

B2 Current Year Prospect

The Malaysian economy is expected to grow at a moderate pace with gross domestic product ("GDP") growth of 4%-4.5% in 2016. The Group will leverage on its franchise strength to deliver sustainable profitability and to fulfill the financial needs of the business owners, their employees and their customers.

The Group will continue to improve its risk adjusted returns by focusing its loan origination efforts namely in SME, commercial and consumer unsecured loans.

The Group will also leverage on its franchise strength to deliver sustainable profitability and to fulfill the financial needs of the business owners, their employees and customers.

It will centre its Consumer Banking activities around Wealth Management, cards and personal loans, to fulfill the financial needs of the business owners, their employees and their customers.

In Business Banking, it will capitalize on its strengths in Transactional and Business Banking, focusing on Small Medium Enterprise ("SME") segment.

Financial markets will focus on helping our customers with their foreign exchange and treasury products needs, as well as on optimizing the balance sheet for returns within a prudent risk management framework.

Investment Banking, having built its capabilities in the debt and equity markets, will support our SME and Business Banking customers with enhanced access to capital markets in addition to growing its institutional broking business.

The Islamic Banking industry remains positive, with continued growth potential, albeit at a moderated level as a result of the more challenging economic environment. The Bank expects the demand for Islamic financial services to remain stable.

The Group expects that these actions will position its businesses for sustainable revenue and to deliver a satisfactory performance for financial year 2016.